

House Joint Resolution 5 - Introduced

HOUSE JOINT RESOLUTION _____
BY RANTS, PAULSEN, KAUFMANN,
ROBERTS, STRUYK, and UPMEYER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

HOUSE JOINT RESOLUTION

1 A Joint Resolution proposing an amendment to the Constitution of
2 the State of Iowa establishing a state general fund
3 expenditure limitation.
4 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 2548YH 82
6 sc/es/88

PAG LIN

1 1 Section 1. The following amendment to the Constitution of
1 2 the State of Iowa is proposed:
1 3 The Constitution of the State of Iowa is amended by adding
1 4 the following new section to new Article XIII:
1 5 ARTICLE XIII.
1 6 EXPENDITURE LIMITATION.
1 7 GENERAL FUND EXPENDITURE LIMITATION. SECTION 1.
1 8 1. For the purposes of this section:
1 9 a. "Adjusted revenue estimate" means the most recent
1 10 revenue estimate determined before January 1, or a later and
1 11 lesser revenue estimate determined before adjournment of the
1 12 regular session of the General Assembly, for the general fund
1 13 for the following fiscal year as determined by a revenue
1 14 estimating conference which shall be established by the
1 15 General Assembly by law, adjusted by subtracting estimated
1 16 refunds payable from that estimated revenue and adding any
1 17 available surplus in accordance with subsection 5.
1 18 b. "General fund" means the principal operating fund of
1 19 the state which shall be established by the General Assembly
1 20 by law.
1 21 c. "New revenues" means moneys which are received by the
1 22 state due to increased tax rates or fees or newly created
1 23 taxes or fees over and above those moneys which are received
1 24 due to state taxes or fees which are in effect as of January 1
1 25 following the most recent state revenue estimating conference.
1 26 "New revenues" also includes moneys received by the general
1 27 fund due to new transfers over and above those moneys received
1 28 by the general fund due to transfers which are in effect as of
1 29 January 1 following the most recent state revenue estimating
1 30 conference. The state revenue estimating conference shall
1 31 determine the eligibility of transfers to the general fund
1 32 which are to be considered as new revenue in determining the
1 33 state general fund expenditure limitation.
1 34 2. A state general fund expenditure limitation is created
1 35 and calculated in subsection 3, for each fiscal year beginning
2 1 on or after July 1 following the effective date of this
2 2 section.
2 3 3. Except as otherwise provided in this section, the state
2 4 general fund expenditure limitation for a fiscal year shall be
2 5 ninety-nine percent of the adjusted revenue estimate.
2 6 4. The state general fund expenditure limitation shall be
2 7 used by the Governor in the preparation of the budget and by
2 8 the General Assembly in the budget process. If a new revenue
2 9 source is proposed, the budget revenue projection used for
2 10 that new revenue source for the period beginning on the
2 11 effective date of the new revenue source and ending in the
2 12 fiscal year in which the source is included in the adjusted
2 13 revenue estimate shall be ninety-five percent of the amount
2 14 remaining after subtracting estimated refunds payable from the
2 15 projected revenue from that source. If a new revenue source
2 16 is established and implemented, the original state general
2 17 fund expenditure limitation amount provided for in subsection
2 18 3 shall be readjusted to include ninety-five percent of the

2 19 estimated revenue from that source.
2 20 5. Any surplus existing at the end of a fiscal year which
2 21 exceeds ten percent of the adjusted revenue estimate of that
2 22 fiscal year shall be included in the adjusted revenue estimate
2 23 for the following fiscal year. Any surplus equal to ten
2 24 percent or less of the adjusted revenue estimate of the fiscal
2 25 year may be included in the adjusted revenue estimate for the
2 26 following fiscal year if approved in a bill receiving the
2 27 affirmative votes of at least three-fifths of the whole
2 28 membership of each house of the General Assembly. For
2 29 purposes of this section, "surplus" means the cumulative
2 30 excess of revenues and other financing sources over
2 31 expenditures and other financing uses for the general fund at
2 32 the end of a fiscal year.

2 33 6. The scope of the expenditure limitation under
2 34 subsection 3 shall not include federal funds, donations,
2 35 constitutionally dedicated moneys, and moneys in expenditures
3 1 from a state retirement system.

3 2 7. The Governor shall submit and the General Assembly
3 3 shall pass a budget which does not exceed the state general
3 4 fund expenditure limitation.

3 5 8. The Governor shall not submit and the General Assembly
3 6 shall not pass a budget which in order to balance assumes
3 7 reversion of any part of the total of the appropriations
3 8 included in the budget.

3 9 9. The state shall use consistent standards, in accordance
3 10 with generally accepted accounting principles, for all state
3 11 budgeting and accounting purposes.

3 12 10. The General Assembly shall enact laws to implement
3 13 this section.

3 14 Sec. 2. REFERRAL AND PUBLICATION. The foregoing proposed
3 15 amendment to the Constitution of the State of Iowa is referred
3 16 to the General Assembly to be chosen at the next general
3 17 election for members of the General Assembly and the Secretary
3 18 of State is directed to cause it to be published for three
3 19 consecutive months previous to the date of that election as
3 20 provided by law.

3 21 EXPLANATION

3 22 This resolution proposes an amendment to the Constitution
3 23 of the State of Iowa relating to state budgets.

3 24 The amendment establishes a state general fund expenditure
3 25 limitation. The amount of the limitation is 99 percent of the
3 26 adjusted revenue estimate. The amendment defines adjusted
3 27 revenue estimate and requires that that estimate be determined
3 28 by a revenue estimating conference which is to be created by
3 29 the general assembly by law. The amendment requires that the
3 30 expenditure limitation be used by the governor in preparation
3 31 of the governor's budget and by the general assembly in the
3 32 budget process. The amendment also provides that, if a new
3 33 revenue source is established and implemented, 95 percent of
3 34 the estimate of that new revenue shall be included in the
3 35 expenditure limitation.

4 1 The amendment also requires that the amount of any surplus
4 2 which exceeds an amount equal to 10 percent of the adjusted
4 3 revenue estimate be included in the adjusted revenue estimate
4 4 for the following fiscal year. Any surplus which is equal to
4 5 10 percent or less of the amount of the adjusted revenue
4 6 estimate may be included in the following year's adjusted
4 7 revenue estimate if use of those funds is approved by a
4 8 three-fifths majority of each house of the general assembly.
4 9 The amendment also requires the State to use generally
4 10 accepted accounting principles for state budgeting and
4 11 accounting purposes. The amendment provides that the general
4 12 assembly shall enact laws to implement the amendment.

4 13 The resolution, if adopted, will be referred to the next
4 14 general assembly. If the next general assembly adopts the
4 15 resolution, the amendment will be submitted to the voters for
4 16 ratification.

4 17 LSB 2548YH 82

4 18 sc/es/88